

UTA Audit Committee Meeting

February 13, 2019



Call to Order and Opening Remarks



Pledge of Allegiance



Safety First Minute



**Turn off you vehicle's cruise control
so YOU are in control of your vehicle.**



2019 Audit Plan





2019 UTA Internal Audit Plan

February 13, 2019

Index

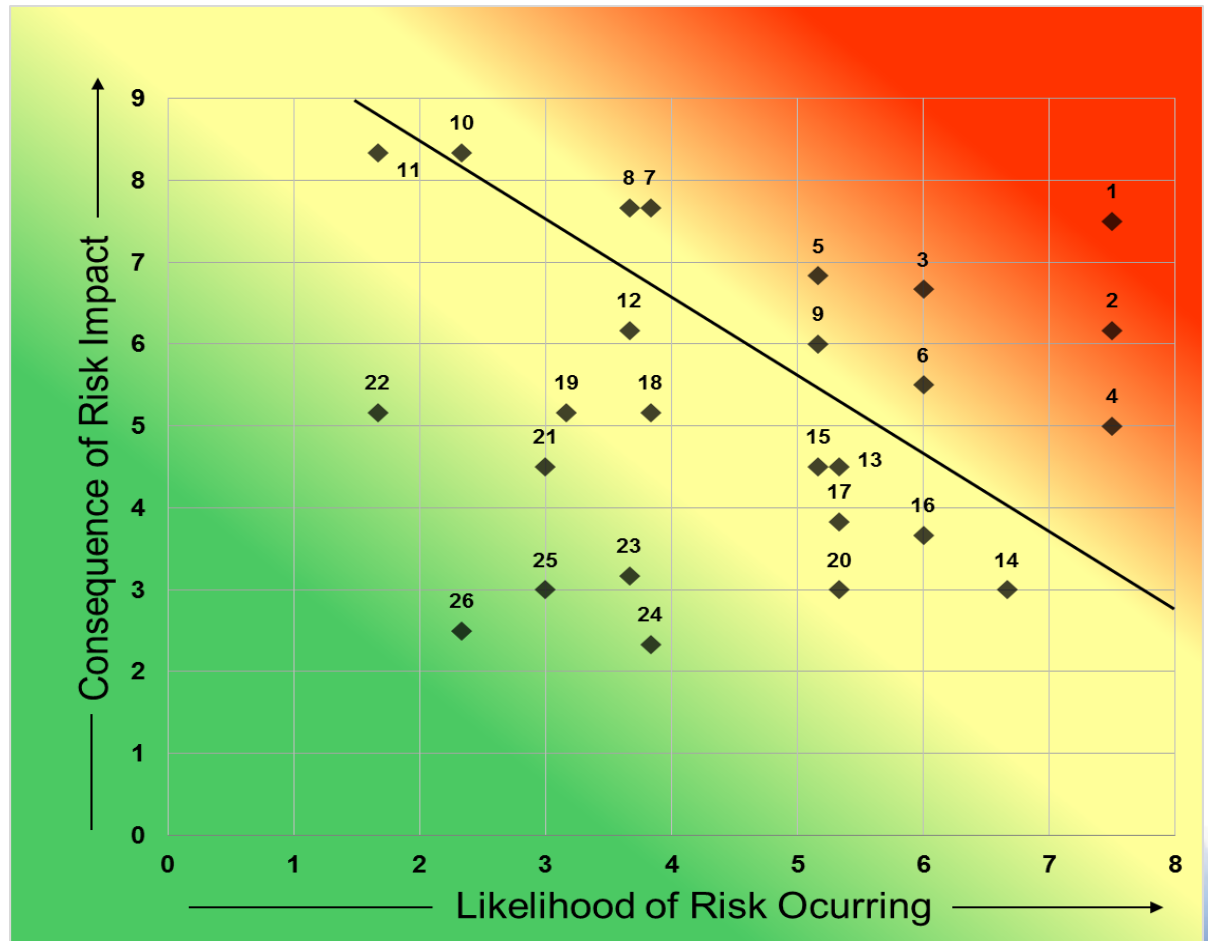
• Risk Assessment Process	3
• Risk Assessment Results	4
• Top 10 Risks Identified	5
• Draft 2019 Internal Audit Plan	7
• 4 Year Internal Audit Plan	9
• Quarter 4 Audit Report	10

Risk Assessment Process

- Business Risk Model designed in 2015
- Executives & managers identified key risks using the business risk model
- 26 Risks were identified based on a pre-defined methodology
- Executives rated the 26 risks
- Top 10 risks were identified based on a pre-defined methodology
- Risk assessment results informed draft Internal Audit Plan

Risk Assessment Results

Rank	Risk Name
1	Human Capital
2	Leadership
3	Budget and Financial Planning
4	Knowledge Capital
5	Health and Safety
6	Compliance
7	Liquidity / Cash Flow
8	Access
9	Business Interruption
10	Service Failure
11	Catastrophic Loss
12	Customer Satisfaction
13	Infrastructure
14	Technological Innovation
15	Sensitivity
16	Organizational Culture
17	Image Branding
18	Stakeholder Relations
19	Capital Availability
20	Data Integrity
21	Industry
22	Regulatory
23	Customer Wants
24	Contract Commitment
25	Succession Planning
26	Regulatory Reporting



Top 10 Risks Identified

Risk	Description
Human Capital	UTA needs to ensure that it has a sufficient number of employees who are ready to move up to key roles. Active steps such as succession planning, training, and leadership development should be taken to ensure there is a “deep” bench of potential leaders.
Leadership	Organizational objectives, structure, and staffing across the organization needs to better align with UTA’s overall objectives to encourage communication throughout the organization and to respond to customer needs.
Budget & Financial Planning	The budget process, including adjustments, should be assessed and improvements, if any, identified, which should assist in the understanding of the impact of business decisions on the long-term financial plan. Operational and capital adjustments have been made throughout the year, however, since budget adjustments are difficult to make, budget to actual mismatches have occurred.
Knowledge Capital	A risk exists that best practices for critical processes are not understood or communicated. Institutional knowledge needs to be documented to improve business continuity in the event of key employee turnover and training programs should be more consistently designed and rolled out across UTA to provide better support to operations.
Health & Safety	Safety and security could be enhanced by further training and investment in technology and infrastructure.

Top 10 Risks Identified (*continued*)

Risk	Description
Compliance	Comprehensive monitoring programs should be continuously assessed to ensure compliance with FTA regulations and UTA policies and procedures.
Liquidity/Cash Flow	UTA's five-year plan shows cash balances will be reduced to required reserve levels. Should revenues be lower or expenses higher than projected, UTA may have to reduce service levels, defer state of good repair projects or find other solutions.
Access	Systems and software should be continuously assessed to manage cyber security and other IT related risks.
Business Interruption	Budget needs should be assessed and monitored to ensure the support of existing service and reliability standards.
Service Failure	Long term and expected budget needs should be met to support the existing service and reliability standards as an increase in deferred maintenance will increase the risk of service failures.

Draft 2019 Internal Audit Plan

Risk	Audit	Timing	Executive
Human Capital	Payroll	Q3, 2019	CFO
Leadership	General scope item		
Budget & Financial Planning	Budget Management	Q1, 2019	CFO
Knowledge Capital	General scope item		
Health & Safety	Third party assurance		
Compliance	Grants Management	Q3, 2019	COO

Draft 2019 Internal Audit Plan *(continued)*

Risk	Audit	Timing	Executive
Liquidity/Cash Flow	Accounts Payable	Q4, 2019	CFO
	Cash Management	Q2, 2019	CFO
Access	Data Access & Security	Q2, 2019	Safety, Security & Technology
Business Interruption	2016 Audit		
Service Failure	State of Good Repair	Q1, 2019	COO
	Maintenance of Way	Q2, 2019	COO

4 Year Internal Audit Plan

2016	2017	2018	2019*
Business Continuity/Disaster Recovery Audit	Business Continuity/Disaster Recovery follow-up	Accounts Payable Preliminary assessment	Accounts Payable
Data Centers Audit	Data Centers follow-up	Cash Office Preliminary assessment	Cash Office
Davis-Bacon Compliance Audit	Davis-Bacon Compliance follow-up	Payroll Preliminary assessment	Payroll
Family Medical Leave Act Audit	Family Medical Leave Act follow-up		Budget Management Preliminary assessment
Grants Management Audit	Grants Management follow-up	Grants Management Preliminary assessment	Grants Management
IT General Controls Preliminary assessment	IT General Controls Audit		State of Good Repair Preliminary assessment
Passenger Fares and Collection Preliminary Assessment	Passenger Fares and Collection Audit		Maintenance of Way Preliminary assessment
Procurement Preliminary Assessment	Procurement Audit		Data Access & Security Preliminary assessment
Purchase Card Compliance Preliminary Assessment	Purchase Card Compliance Audit		
TOD Preliminary Assessment	TOD Audit		
Sales Tax Collections and Reporting Audit	Treasury Preliminary assessment	Treasury Audit	
	Vanpool Operations Preliminary assessment	Vanpool Operations Audit	
	National Transit Database Preliminary assessment	National Transit Database Audit	
	Operating and Ridership Reporting Preliminary assessment	Operating and Ridership Reporting Audit	
*Proposed	Inventory Management Preliminary assessment	Inventory Management Audit	

Recommended Action (by acclamation)

Motion to accept the 2019 Audit Plan



2018 Fourth Quarter Audit Report



Audit Recommendations Compliance

Audit	Findings			Planned action date
	Total Findings	Findings addressed	Findings in progress	
Family Medical Leave Act	4	4	0	
Business Continuity/Disaster Recovery	10	10	0	
Data Centers	5	5	0	
Sales Tax Collections & Reporting	1	1	0	
Davis-Bacon Compliance	1	1	0	
Grants Management	6	6	0	
Procurement	19	19	0	
Transit Oriented Development	15	15	0	
IT General Controls	14	14	0	
Purchase Card Compliance	15	15	0	
Operating & Ridership Reporting	8	7	1	Q1, 2019
Treasury Management	6	4	2	Q1, 2019
Inventory Management	8	1	7	Q2, 2019
Vanpool Operations	14	3	11	Q2, 2019
National Transit Database	5	2	3	Q4, 2019
Total	131	107	24	

Other Business

Next Meeting: June 10, 2019 at 3:00 p.m.



Adjourn

